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C O N F I D E N T I A L SECTION 01 OF 03 NDJAMENA 000510

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [PREF](#) [EU](#) [PINR](#) [IBRD](#) [EIB](#) [CD](#)  
SUBJECT: EU WORKING TO KEEP CHAD ON TRACK FOR 2009  
ELECTIONS, DESPITE SETBACKS, AND WILL TACKLE GOC OIL  
REVENUE MGMT, TOO

NDJAMENA 00000510 001.2 OF 003

Classified By: DCM REGribbin for reasons 1.4 b&d

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SUMMARY  
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¶1. (C) The Chief European Union Representative in Chad believes that the electoral reform process that he is spearheading can result as planned in communal/legislative elections in 2009, but that success is by no means assured at this point. The EU Ambassador believes that enough momentum has developed in the cabinet so that draft legislation to reestablish a reformed National Electoral Commission would be sent to Parliament next week, but notes that Zaghawa and other hard-liners near the President remain committed to torpedoing progress. Powerful ministers, the "hawks" he called them -- Bachir at Interior, Younousmi at Infrastructure and Moussa Faki at Foreign Affairs -- continued to try to undermine the President's and the PM's reformist inclinations. The EU Ambassador reported agreement in principle with the President and PM for an EU-funded expanded transparent mechanism to track all/all oil revenues and expenditures, with the EIB, the IMF, the World Bank, and the Oil Revenue "College" as possible partners. The EU Chief Representative judged that in Chad the greatest development obstacle is not lack of money, but lack of expertise. END SUMMARY.

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ELECTORAL REFORM ON TRACK, BUT....  
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¶2. (U) Gilles Desesquelles, Ambassador of the European Union in Chad since 2006, shared views with the AMB and DCM on October 29. The EU is the lead donor in funding and supporting Chad's internal democratic reform process and Desesquelles himself was the main architect of the August 13, 2007 Accord on electoral reform that undergirds that process. Desesquelles said that finally the long-stalled draft legislation to reform and reestablish the National Electoral Commission should be approved in cabinet on October 31 and sent to Parliament for passage. He noted that now as in the past it will take a mustering of influence and leverage by the Prime Minister and the President to move ahead. Desesquelles identified three ministers -- Bachir at Interior, Younousmi at Infrastructure and Moussa Faki at Foreign Affairs -- as the hard-liners, or "hawks," as he called them, dedicated to preservation of a Zaghawa-dominated power structure that admitted allies of other ethnic groups, especially Gorane northerners. Desesquelles opined that they would continue to be obstructionists, working through allies

in the National Assembly. (Faki's obstructionism was political, Desesquelles surmised, "He wants to be Prime Minister again.") Nonetheless, the EU ambassador was optimistic that, once the cabinet logjam was broken, that legislation could be pushed through by the end of the year. Desesquelles said he was prepared to break a logjam by going directly to President Deby to give him a kind of ultimatum. The National Assembly, the EU Chief noted, had never refused to respond rapidly and positively to Presidential direction.

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EU TO WORK ON OIL REVENUE TRANSPARENCY  
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13. (C) Desesquelles said Chad's recent conflict with the World Bank and inability to maintain a normal relationship with more forthcoming IMF underlined the massive weakness in Chad's public financial management -- lack of a competent, transparent mechanism to track all extractive-industry revenue sources, especially those derived from indirect oil production activities. Direct revenues like royalties and some other payments were covered by Oil Revenue Monitoring Body, the so-called "College," set up IAW the GOC-World Bank agreements of 2002 and 2006. Although the World Bank has "withdrawn from the petroleum sector," the College remains charged by the GOC to monitor direct payments which constitute about a third of all revenues. The indirect revenues, however, especially tax on profits and other such sources, escape meaningful oversight, never having been covered by the ank-GOC agreement in the first place. These indirect revenue sources now constitute two-thirds of Chad's oil revenues. Desesquelles has proposed, and President Deby and PM Youssouf Saleh Abbas have accepted, Desesquelles's plan for the EU to fund ways to make the spending of all/all of Chad's oil revenues transparent. Desesquelles said he

NDJAMENA 00000510 002.2 OF 003

would approach the IMF, the World Bank, and the European Investment Bank for assistance on this. We noted that the College's President had told us that Deby had in January authorized the College to oversee and report on spending of both indirect and direct oil revenues, starting in 2009. Desesquelles said he would be happy to work with the College as well.

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DEVELOPMENT ISSUES  
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14. (C) On longer-range developmental issues, Desesquelles professed to be an optimist. He said the EU goal was to get the GOC to match EU spending in priority-sector projects health, education, infrastructure (roads and potable water), and rural development in some meaningful portion -- say, 25 percent to 50 percent of such projects. The GOC performs better when it partners like this with a Western agency or organization. Desesquelles said that he has President Deby's agreement to this EU-GOC partnership on development spending.

15. (C) Desesquelles said that sadly the biggest development obstacle was lack of human development in Chad, lack of skills, preparation, and expertise on the part of Chadian workers, technicians, administrators, etc. The GOC just did not have the work force capable of moving projects to fruition. He noted that roads and water development were the two areas where tangible results could now be seen, but he added primarily because of an infusion of foreign expertise. He lamented the GOC's uncoordinated and unfocused "scatter-shot" approach to development. There was no solid set of national priorities. And far too much authority was vested in the Ministry of Infrastructure, at least in part because physical engineering was easier than social engineering. We agreed, noting that key ministries, like the Ministry of Health, for example, had not yet seen much budgetary benefit from oil revenues lately.

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THE ELEPHANTS OF ZAKOUMA  
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¶16. (C) Desesquelles said that the EU was still deeply interested in saving the elephants of Zakouma Game Park, in southeast Chad. Most of the animal populations were thriving, he reported, but the elephant population was still at great risk from aggressive poachers. Desesquelles said that he was working with the GIOC to reinforce security at the park, adding Chadian army troops to the Nomad Guard units already patrolling there. He said he was working as well on admittedly small-scale plans to increase visitors to the park.

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COMMENT  
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¶17. (C) Desesquelles is energetic, active, and productive. He has recruited an impressive professional staff of about twenty and has additional experts placed in ministries as advisors. As architect and champion of the Electoral Reform Process, he has the confidence of both ruling-party and opposition leaders. He appears to have a pretty good working relationship with President Deby and is of course well-placed to keep a finger on the pulse of the development process. That he is willing to extend the EU's purview to responsible management of the GOC's oil revenues demonstrates both his understanding of the importance of the revenue-management issue but also the breadth of his commitment to putting the EU behind progress in this area, as in others, with resources and expertise. Despite the efforts of Desesquelles and others, the average Chadian citizen has not yet come to believe that the government has a pro-development or pro-democracy agenda. Such attitudes may evolve if the democratic reform process ends in credible 2009 elections and if/when more of the bricks and mortar "partnership" projects Desesquelles described become more visible.

¶18. (C regime) We were a bit surprised at Desesquelles's linking of FORMIN Faki with Bachir and Younousmi, but consuming personal ambition long has been a leading motivation for Chadian political actors; there is no reason that Moussa Faki should be immune to its temptations. Younousmi, a Gorane, represents the continued strong if not decisive influence of Goranes in the Zaghawa-dominated Deby.

NDJAMENA 00000510 003.2 OF 003

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